



Commonwealth of Massachusetts

Department of Revenue

Tax Year 2014

Publication M-1436C

**CORPORATE, FIDUCIARY, COMPOSITE & PARTNERSHIP
TEST PACKAGE**

**MASSACHUSETTS BUSINESS ACCEPTANCE TESTING
(MBATS)**

Table of Contents

MBATS PROCEDURES	3
WHO MUST TEST?	4
WHY TEST?	4
NAMING CONVENTION	4
TEST INDICATORS	5
ACK. FILES	5
GROUPING OF RETURNS WITHIN A FILE	5
TEST RETURNS	6
TEST EINS	6
TESTING PROCEDURE	7
TESTING ACCEPTANCE CRITERIA	7
TEST SCENARIOS	8
TEST RETURN 1	9
TEST RETURN 2	10
TEST RETURN 3	11
TEST RETURN 5	13
TEST RETURN 6	14
TEST RETURN 7	15
TEST RETURN 8	16
TEST RETURN 9	17
TEST RETURN 10	18
TEST RETURN 11	19
TEST RETURN 12	20
TEST RETURN 13	21
TEST RETURN 14	22
TEST RETURN 15	23
TEST RETURN 16	24



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Tax Year 2014 Part 1

MBATS Procedures

WHO MUST TEST?

The Massachusetts Department of Revenue requires that all Software Developers and Transmitters (Vendors) pass the Massachusetts Business Acceptance Testing (MBATS) before they can be accepted into the electronic filing program for the Tax Year 2013 filing season.

WHY TEST?

The purpose of testing is to ensure that prior to live processing:

1. Vendors transmit in the correct format and meet the DOR electronic filing specifications
2. Returns have no validation or math errors

NAMING CONVENTION

Corporate, Fiduciary and Partnership return files should have the following naming convention, where "CORP" in the file name should always be upper case:

Syntax: CORP [fid][yr][mo][day][hr][min][sec].xml

Example: CORP12345678920030101145959.xml

Where:

[fid] is the FID number used to log into SSH.

[yr] is the 4 digit year.

[mo] is 01-12.

[day] is 01-31.

[hr] is 01-24.

[min] is 01-60.

[sec] is 01-60.

TEST INDICATORS

Test returns should be identified with a “T” in the ProcessType element, and test files should be identified with an extension of .test.

ACK. FILES

To retrieve Corporate, Fiduciary and Partnership Return Acknowledgement files, use the instructions in the Transfer from DOR section in the TY2011 Bulk E-Filer Registration and Transmission Guide. The name of the acknowledgement file is the same name as the file you sent with the suffix “.ack”. Outbound files will be unzipped. So for example, if you sent the file in as named above, the acknowledgement file would be named:

CORP121212120030101145959.xml.ack

GROUPING OF RETURNS WITHIN A FILE

Within each file please group as follows:

- Group all returns by return type (355s together, 355Us together, etc)
- Group all Refund returns together within return type
- Group all Refund returns with Overpayment carried forward together within return type
- Group all Tax Due returns with Payments attached together within return type
- Group all Tax Due returns without Payments together within return type
- Group all Zero Tax Due returns together within return type

If the transmission is not ordered this way, it will still be accepted. This will not result in an error, but your file will get processed faster if it is ordered accordingly.

TEST RETURNS

MBATS will emulate the IRS procedure of providing scenarios for vendors to create their own test returns; there will be no test package. The scenarios cover the Form 355, Form 355U, Form 355S, Form 355SC, 355-7004, Form MA NRCR, Form M-4868, Form 2, Form 2-G, Form 3, M-8736 and all supporting Forms and Schedules. In addition, all vendors are allowed and encouraged, but not required, to create additional test returns as they see necessary. Please create each test return so that it contains all the memo fields that you support for the forms/schedules in each scenario. Vendors are required to advise DOR of all limitations of their software package.

The criteria for the test scenarios provide some of the information needed to prepare the appropriate forms and schedules; however, computations and data for all lines have not been provided. Therefore, some knowledge of tax law and tax preparation is necessary. You must correctly prepare and compute these returns before transmitting to DOR.

The taxpayer name on each test return should use the following convention:

Entity name on return = Vendor name + & + Test'number (alpha)

Please add the characters ampersand (&) and apostrophe (') in the name of the corporation for each type of approval.

As an example, the Corporation name for test 1 for Acme software would be Acme & Test' One.

TEST EINS

All test returns created from the scenarios provided must use the assigned test EIN's. Any additional test returns submitted must use the EIN's below assigned for this purpose.

Test Scenario EIN's:

405555555, 400001111, 402222225, 402222226, 402222227, 400445555, 400445566,
405757575, 409999999, 126549876, 408888888, 407777777, 404240010
403333333

If additional EIN's are needed please use the following range 402222228 through 402222250.

Please DO NOT use any other EIN's when testing.

TESTING PROCEDURE

CORPORATE, COMPOSITE, FIDUCIARY AND PARTNERSHIP:

Vendors are required to send a test file containing the Department's test returns following the test scenario for each tax type. The software developers own test files should contain at least one instance of every form and schedule the software developer supports.

TESTING ACCEPTANCE CRITERIA

Each test file must contain only one tax type; however, within a tax type there can be more than one type of return, for example: a corporate file can contain 355, 355U, 355S, etc.

All the returns in the test files must be error free.

If any test return is rejected during testing, the vendors must:

1. Review the acknowledgement file to identify the error(s)
2. Correct the return and/or the software
3. Contact the e-file coordinator if the cause of the reject cannot be determined
4. Retransmit the test file until it has been accepted

Once all of the vendors test files have been accepted, the vendor should inform the e-file coordinator that they are done testing. After confirmation that the vendor has met all of the acceptance criteria, an email of MBATS acceptance will be issued.

Approvals will be issued in the following categories:

Composite
Fiduciary
Partnership
Corporate
Combined (355-U)



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Tax Year 2014 Part 2

Test Scenarios

TEST RETURN 1

FORM:	FORM 355
TYPE OF CORPORATION:	CLASSIFIED Mfg.
EIN:	405-55-5555
SCHEDULES:	A, B, C, E, E-1, CR, A-1, A-2, A-3, AA-1, ABI, ABIE, A-HRC, A-LIHC, CIR, NOL, EE-LIHC, EOAC, F, H, H-2, HM, HRC, M-1, NIR, RC, TDS, T-HRC, T-LIHC
FORMS:	M-2220
RETURN DETAILS:	<p>Please maximize the amount for the Refundable Film Credit.</p> <p>Pass through entity withholding > 0</p> <p>Period begin date 12/28/13 and period end date 01/03/14. Make sure the new 52/53 week calendar box is checked.</p>
FORM/SCHEDULE DETAILS:	
SCHEDULE A, LINE 18	>10,000,000
SCHEDULE F	MUTIPLE STATES
ADDITIONAL NOTES:	Please provide certificate numbers for all the credits.

TEST RETURN 2

FORM: FORM 355

EIN: 400-00-1111

SCHEDULES: A, B, E, E-1, CR, NOL, M-1, RFC, RNW, VP

FORMS:

RETURN DETAILS: Short year return; Begin date 01/20/14, and
End Date 12/10/14.

FORM/SCHEDULE DETAILS:

ADDITIONAL NOTES:

TEST RETURN 3

FORM:	355U						
TYPE OF CORPORATIONS:	1 Business Corporation (Principal Reporting Corporation) 2 Manufacturing Corporations (one non-taxable) 1 R&D Corporation 1 Financial Institution 1 S Corporation taxable under s. 32D 1 Business Corporation qualifying as a s. 38 Manufacturer.						
EIN:	402-22-2225						
SCHEDULES:	TDS, CIR, NIR (2), CG, U-CI , U-M (8), U-E, ABI (2), ABIE (2), U-ST (6), U-MSI (6), U-MTI(2), NOL (3), U-IC (5), EDIP, EOAC, H, VP, RC, HM, A-LIHC, EE-LIHC, T-LIHC, IC-HRC, A-HRC, T-HRC, H-2, U-CS (2), M-2220, FE, DRE(2), U-TM, A(5), B(5), C(2), D(3), F(4), A-1 (Please include all new non-income measure Schedules as applicable)						
RETURN DETAILS:	<p>The return has seven members that are engaged in a single unitary business. One member is not taxable on its income in Massachusetts. No member is subject to fiscalization. The combined group has a single common business. Reverse a capital loss carry forward. The non-taxable Member has positive net income from a separate business activity that is not taxable in Massachusetts. One taxable member has positive net income from a separate business activity that is allocable at 100% to Massachusetts. Another taxable member has a small net loss from a separate business activity with a 50% apportionment to Massachusetts. Have one member complete the ABI and ABIE, from the U-E and have a different member complete the ABI and ABIE from the U-MTI. Have one member share NOL carry forward. Make one member of the group share \$200 of RC. One member will apply some of its credits to reduce its non-income measure of excise to \$456. The Principal Reporting Corporation has a credit for pass through entity withholding.</p>						
FORM/SCHEDULE DETAILS :	<table> <tr> <td>Schedule U-M</td><td>1 for each member and 1 for eliminations</td></tr> <tr> <td>Schedule U-E</td><td>Line 30 > 0. There should be an entry on every line in Part 1 except line 24 and there should be entries on every line in Parts 2, 3, & 4.</td></tr> <tr> <td>Schedule U-IC</td><td>Lines 32 >0 (Manufacturing Corporation)</td></tr> </table>	Schedule U-M	1 for each member and 1 for eliminations	Schedule U-E	Line 30 > 0. There should be an entry on every line in Part 1 except line 24 and there should be entries on every line in Parts 2, 3, & 4.	Schedule U-IC	Lines 32 >0 (Manufacturing Corporation)
Schedule U-M	1 for each member and 1 for eliminations						
Schedule U-E	Line 30 > 0. There should be an entry on every line in Part 1 except line 24 and there should be entries on every line in Parts 2, 3, & 4.						
Schedule U-IC	Lines 32 >0 (Manufacturing Corporation)						
ADDITIONAL NOTES:	<p>One taxable member is a manufacturing corporation that has a separate apportionment percentage on Schedule F and is classified as a tangible property corporation. The business corporation that qualifies as a section 38 manufacturer for U-MSI files Schedule F for its separate apportionment determination and does not qualify as a manufacturer for its non-income measure calculation. One taxable member (not a financial institution) has a separate apportionment percentage on Schedule F and is an intangible property corporation (tax greater than zero). Another taxable member (not a financial institution) is not taxable in another state and does not file Schedule F to calculate its non-income measure of excise but is a newly organized entity and has a taxable year of only 10 months (beginning dates on the top of the U-ST should correspond). One member submits Schedule FE, the S Corporation submits Schedule DRE for a QSUB, another member also submits schedule DRE. The PRC lists investments in various other members of the group on schedule A-1.</p>						

TEST RETURN 4

FORM:	355U	
TYPE OF CORPORATIONS:	5 Business Corporations (three non-taxable) 1 Non-US Business Corporation (not taxable in Massachusetts)	
EIN:	402-22-2226	
SCHEDULES:	CIR(2), CG, U-CI, U-M (9), TTP, U-E, ABI, ABIE, U-ST (2), U-MSI (2), U-IC (2), U-RF, RFC, U-TM, A, B, D, F, A-1, A-2, A-3, DRE(3), U- INS(1), FE 1 (Please include all new non-income measure Schedules as applicable)	
RETURN DETAILS:	<p>The return is a non-financial group, comprised of six members showing an affiliated group election. Federally, 3 of the business corporations file a consolidated federal return. The other 2 business corporations file a 2nd consolidated federal return. One of the business corporations is not taxable in Massachusetts. One schedule U-M is submitted for each of the 6 corporations and there are 3 eliminations schedules (one showing eliminations within each of the 2 federal groups and a 3rd for transactions between the entities that are not consolidated for federal purposes (e.g transactions between Group 1 & either Group 2 or the foreign affiliate and transactions between the foreign affiliate and Group 2). The non-US Corporation does not have a Taxpayer Identification Number and will claim a US tax treaty excludes all of its US source income (royalties). Only two of the business corporations (<u>not</u> the Non-US Corporation) are taxable in Massachusetts. Adjustments in U-M column (c) include the add back Intercompany dividends eliminated in the federal consolidation, reversing a deduction of net capital loss taken on the federal return and reversing the reclassification of a s. 1231 gain to a capital gain. The Principal Reporting Corporation uses film credits to reduce its excise to \$456 and will share enough credit to allow the other taxable member to reduce its excise to \$456. It also files a Schedule RFC and claims a refundable film credit of more than \$456. With schedule U-E there should also be schedules ABI and ABIE supporting deductions from group income for related member interest and for related member intangible expense the entire group must have negative net income.</p>	
FORM/SCHEDULE DETAILS :	Schedule 355-U Schedule U-E Schedule U-ST	Line 34 > 0 Lines 1-33 >0 Line 38 = \$456 (for each taxable members)
ADDITIONAL NOTES:	<p>Please provide certificate numbers for all the credits</p> <p>Add requirement that one corporation submit 2 Schedules DRE and that another member of the group submits one schedule DRE and one Schedule U-INS claiming a deduction. One US Corporation submits schedule FE including the information on US \$\$ income and expenses. Add U-TM.</p>	

TEST RETURN 5**FORM:** 355U**TYPE OF CORPORATIONS:** 3 Business Corporations**EIN:** 402-22-2227**SCHEDULES:** CG, U-CI, U-M (3), U-E (2), U-ST (3), U-MSI (5), U-IC (2), VP (2), U-TM, A(2), B(2), D(2), F(3), A-1, A-2, A-3 (2), (Please include all new non-income measure Schedules as applicable)

RETURN DETAILS:

The return is a non-financial group, comprised of three members making a worldwide election. One Business Corporation is the Principal Reporting Corporation (not the Mutual Fund Sales Corporation) and is both the common parent and organized under the laws of a foreign country. The Principal Reporting Corporation will indicate that its schedule M is being completed on a pro-forma basis, that it did file US Form 1120F, that it has separate income from non-unitary activities (a capital gain) that is not taxable in Massachusetts and must be excluded on schedule U-M and must file schedule VP. The combined group is engaged in two distinct unitary businesses. The Principal Reporting Corporation is engaged in business #1 along with both of the other two Business Corporations. The Principal Reporting Corporation is separately engaged in business #2 with only the Business Corporation that is a Mutual Sales Corporation. Business #1 should have substantial positive net income excluding capital gains and losses, a large combined capital loss and a combined section 1231 gain that is smaller than the capital loss. Business #2 should have a small net loss excluding capital gains and losses, a combined capital gain and a combined section 1231 gain. The apportionment denominators on the two schedules U-E must be different. The Business Corporation that is the Mutual Sales Fund Corporation must file the Schedule VP and Schedule FEC for small amounts and the tax must be >0. The Business Corporation that is not a Mutual Fund Sales Corporation and is not the Principal Reporting Corporation is newly organized and has a tax year beginning 04/01/2011 that ends on January 31, 2011 (all other group members are calendar year filers) and is subject to fiscalization. As of the 12/31/2012 group year end, this member completes schedule U-M reporting "0" in column (a) and its income for 04/01/2011 through 12/31/2012 in column (b). This member has a net capital gain during this period that is allocable to Massachusetts (100%) and must be excluded from group income in column (e) of schedule U-M and will have both a net capital gain and a net tax greater than zero. Pass through entity withholding > 0

FORM/SCHEDULE DETAILS: Schedule U-IC Line 29 >0 (Principal Reporting Corporation)

ADDITIONAL NOTES:

One of the Business Corporations, not the Principal Reporting Corporation, is a Mutual Fund Sales Corporation. The Mutual Fund Sales Corporation and the Principal Reporting Corporation *each* have 2 schedules DRE. The principal reporting corporation submits schedules A-1 and A-2 and each of the others submit schedule A-3. The fiscalized member does not submit non-income measure schedules and must have total excise < \$456.

If you support the filing of short year returns on prior year form, use this return.

TEST RETURN 6**FORM:** 355S**EIN:** 400-44-5555**SCHEDULES:** A, B, C, E, E-1, CR, A-1, A-2, A-3, AA-1,
ABI, ABIE, NOL, EOAC, F, H-2, HM, M-1,
NIR, RC, S, SK-1, TDS**FORMS:** M-2220**RETURN DETAILS:** Pass through entity withholding > 0**FORM/SCHEDULE DETAILS:****SCHEDULE A, LINE 18** >10,000,000**SCHEDULE S, LINE 17** >=6,000,000**SCHEDULE F** MULTIPLE STATES**ADDITIONAL NOTES:** Please provide certificate numbers for all the credits.

TEST RETURN 7

FORM: 355S

TYPE OF CORPORATION: CLASSIFIED Mfg.

EIN: 405-75-7575

SCHEDULES: A, B, D, E, E-1, CR, A-1, A-2, A-3, AA-1, ABI, ABIE, H, M-1, RFC, S, SK-1, VP

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

SCHEDULE S: INCOME FROM RESIDENTS AND NON-RESIDENTS

ADDITIONAL NOTES:

TEST RETURN 8

FORM: 355S (**SK-1 Informational Return**)

EIN: 400-44-5566

SCHEDULES: A, B, D, F, S, SK-1

RETURN DETAILS: A 355S that is part of a unitary filing, must file a separate 355S in order to submit the entities SK-1's. The S Corp must not be subject to fiscalization (e.g. its year ends at the same time as the combined group's taxable year.) please refer to the 355S instructions on how the return is constructed for this purpose.

FORM/SCHEDULE DETAILS: Include at least 1 resident SK-1 and 1 non-resident SK-1. Schedule F should show an apportionment percentage between 50% & 90%.

ADDITIONAL NOTES: Taxpayer registration section Q4 must be "Y" and Q5 must be "N". Tax calculation, line 16, must be zero.

TEST RETURN 9

FORM: 355SC
EIN: 409-99-9999
SCHEDULES: A, TDS, VP

FORMS: M-2220

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

ADDITIONAL NOTES: Please provide certificate numbers for all the credits.

TEST RETURN 10

FORM: 355-7004

EIN: 126-54-9876

ADDITIONAL NOTES: Please make a payment with the extension.

TEST RETURN 11**FORM:**

FORM 2

EIN:

408-88-8888

SCHEDULES:A-LIHC, C-LIHC, EE-LIHC, T-LIHC, B, BR,
D, E, F, EOAC, FEC, H, H-2, IDD, 2K-1, A-
HRC, IC-HRC, T-HRC, TDS, RFC, LP**FORMS:**

M-2210F

RETURN DETAILS:**FORM/SCHEDULE DETAILS:****ADDITIONAL NOTES:**Please provide certificate numbers for all the
credits.

TEST RETURN 12

FORM:	FORM 2-G
EIN:	407-77-7777
SCHEDULES:	TDS
FORMS:	M-2210F

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

ADDITIONAL NOTES:

TEST RETURN 13

FORM:

FORM 3

EIN:

404-24-0010

SCHEDULES:

A-LIHC, C-LIHC, EE-LIHC, T-LIHC, EOAC,
H-2, A-HRC, IC-HRC, T-HRC, TDS, RFC,
3K-1

FORMS:

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

ADDITIONAL NOTES:

TEST RETURN 14

FORM: M-8736

EIN: 408-88-8888

ADDITIONAL NOTES: Please make a payment with the extension.

TEST RETURN 15

FORM: FORM MA NRCR
EIN: 403-33-3333
SCHEDULES: B, D, E Reconciliation

RETURN DETAILS:

FORM/SCHEDULE DETAILS:

ADDITIONAL NOTES: Send in a separate NRCR for each type you support (3K-1 or SK-1).

TEST RETURN 16

FORM: FORM M-4868

EIN: 404-24-0010

ADDITIONAL NOTES: Please make a payment with the extension.